



**Director of
Central
Intelligence**

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SITUATION REPORT

IRAN

[redacted] Ayatollah Khomeini wants to keep the
hostages until after the US presidential elections. [redacted]

[redacted] Khomeini believes that
the continued incarceration of the hostages will lead to
President Carter's defeat. [redacted]

Khomeini has increasingly focused his attention in
recent months on President Carter in his public state-
ments. He may have concluded that the Shah's move to
Egypt rules out any chance for his extradition and now
wants to punish the US for past support of the Shah. [redacted]

Relations with Iraq

[redacted]
[redacted] war between Iran and Iraq is
unlikely unless the internal situation in either country
deteriorates markedly. The Iraqi leadership is primarily
concerned with remaining in power, and has far too many
major problems, activities, and objectives to take on an
open armed conflict. Iraq and Iran, however, are both
likely to increase their efforts to provoke internal prob-
lems for the other. [redacted]

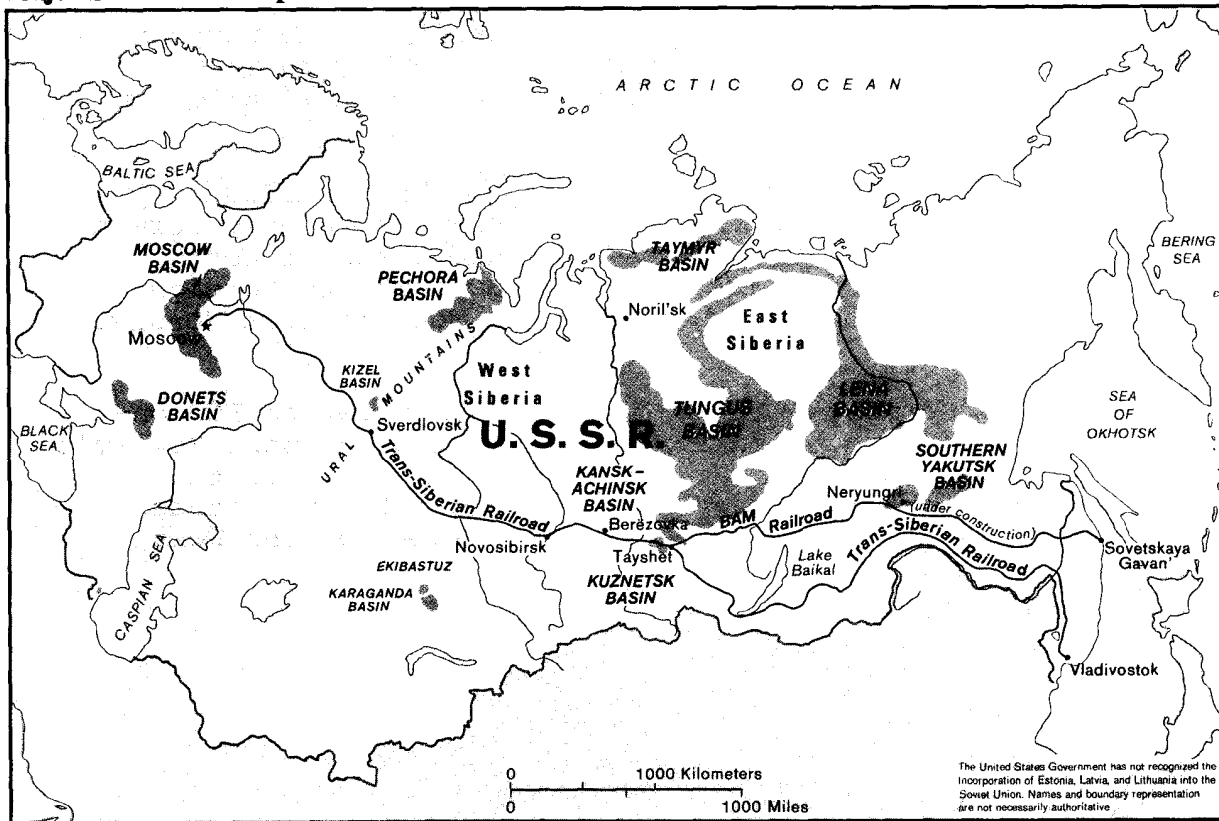
Iran has again accused Iraq of attacking several
Iranian gendarmerie border posts, one apparently for
the fourth consecutive day. Chances of an incident con-
tinue as both countries remain on alert against intruding
aircraft. [redacted]

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Major Soviet Coal Deposits



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USSR: Fuel Shortages

Severe fuel shortages were reported in the Ukraine, primarily because of the late winter cold. Coal production lags in the Donets Basin, Ukraine's largest producer, and snarls in the rail system also contributed to the problem.

Crude oil production fell 150,000 barrels per day below plan in 1979, however, and growth is continuing to lag this year. Sales to Eastern Bloc customers are being maintained at planned levels, but export contracts to Western buyers have been cut sharply for 1980.

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LIBERIA: Continuing Uncertainty

The security situation in Monrovia remains tense, but the new government is making some progress in restoring order.

The government has received only a half-hearted response to yesterday's pleas for residents to return to work and for businesses to reopen. The US Embassy still is advising American citizens to remain in their homes, but there are no reports of increased harassment of foreigners. The most pressing problem facing the government--the restoration of order and halting indiscriminate arrests by the soldiers--will require the establishment of a better functioning military command structure.

In his first nationwide broadcast yesterday, coup leader Doe emphasized that the coup was prompted by corruption in government and unequal economic and social opportunities. Although Doe did not mention the trial of former government officials by a military tribunal, he said there would be no "witch hunts." The trials apparently were delayed in response to diplomatic pressure, and the delay may help quell the growing call for revenge on the Americo-Liberian elite.

Doe's cabinet includes military men, a few hold-overs from the former government, and former opposition leaders, including Togba-Nah Tipoteh, leader of a Marxist-oriented group. Doe is relying heavily on Gabriel Matthews--his new Foreign Minister and leader of the left-leaning Progressive People's Party--who had been under arrest for treason but was released by coup leaders.

Matthews possibly believes that he ultimately will emerge as the dominant figure in the new regime, and that the military leaders, aware of their limitations, will be willing to return to an elected civilian government.

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Rumors of invasions and counter coups have begun. Early this morning Doe alerted [redacted] that armed forces from the Ivory Coast had crossed into Liberia. This has been vigorously denied by the Ivorian Minister of Defense. Other rumors had a battalion of Liberian troops moving toward Monrovia. [redacted]

The government, meanwhile, is facing critical shortages of food, fuel, and cash. Matthews has made a formal request for US Government assistance in helping overcome the expected shortfall of rice--a staple food. [redacted]

[redacted]

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CUBA: Demonstrations Planned

The Cuban Government--angered by growing international criticism over the Peruvian Embassy situation--has begun to stage large demonstrations in support of the regime.

The demonstrations began last weekend as 50,000 Cubans massed in Havana pledging loyalty to the Castro government. An editorial in the party daily newspaper yesterday stated that 1 million Cubans are to parade past the Peruvian Embassy on Saturday. A similar number are to march to the US Interest Section on 1 May as part of island-wide demonstrations to protest planned military exercises at the US Naval Base at Guantanamo Bay.

The shrill and defensive tone of the editorial suggests that Castro wrote it. In the past he has used massive demonstrations to generate public support in difficult times and to divert attention from the regime's economic problems.

By announcing the march on the Peruvian Embassy five days in advance, Castro also may be hoping that the prospect of violence will frighten the refugees into leaving the compound. Castro, moreover, probably will use the occasion--the 19th anniversary of the Bay of Pigs victory--to deliver a major address attacking Washington for what he interprets as US threats aimed at Cuba.

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RHODESIA: Status of Security Forces

The Rhodesian military is concentrating on training activities and preparing for amalgamation with the guerrillas into a new national army.

[redacted] responsibility for reestablishing law and order and tracking down renegade guerrillas has been turned over completely to the police. Police patrols are accompanied by guerrilla officers and are under orders not to use force if at all possible to avoid straining relations with the guerrillas.

The last of the Army reservists mobilized for the election in February are being released from active duty, and armored vehicles loaned by the South Africans have been returned. Normal recruit training is continuing, but some units do not expect to receive any more white draftees and are preparing for the inflow of guerrilla personnel after independence.

The pessimism in the military that followed Robert Mugabe's election victory is slowly giving way to a more optimistic mood as a result of Mugabe's moderate stance. Nevertheless, many of Rhodesia's most experienced personnel have chosen to resign and leave the country with a guarantee that pensions will be remitted in hard currency.

The military and guerrilla representatives on the amalgamation committee are still discussing integration procedures for the new army, as well as its size and organization.

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FRANCE: Nuclear Power Program

France is the most active among the major developed countries in reducing its dependence on imported energy through an ambitious nuclear power program.

By 1985 France should have 50 reactors that are expected to supply over half of the country's electricity. So far, the program has met little public opposition, apparently because most of the populace sees no alternative means of reducing France's dependence on foreign oil. In an effort to head off localized opposition, the government recently reduced electrical rates in areas close to the nuclear sites, following a rise in rates nationally.

Paris also is taking steps to secure uranium supplies and to develop domestic enrichment and reprocessing facilities. France will produce only 20 percent of its uranium needs domestically by 1985, down from 50 percent at present.

The bulk of France's foreign uranium supplies now comes from Niger and Gabon, where the French have partial ownership in several mines. French-owned companies also are moving more actively into direct equity participation in the production and exploration of uranium deposits in Africa, Canada, Australia, and the US.

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USSR-BULGARIA: Assault Helicopters

[redacted] Soviet MI-24 Hind helicopter gunships at an airfield in south-central Bulgaria. This delivery is somewhat unusual because no other non-Soviet Warsaw Pact country has nearly so many Hinds, and Bulgaria normally lags behind other Warsaw Pact members in receiving new Soviet combat equipment. The Hind has a combat radius of 250 kilometers and can carry bombs, rockets, antitank guided missiles, and machineguns. It is intended to provide fire support for ground forces, and is being used extensively by Soviet forces in Afghanistan. [redacted]

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ITALY-CHINA: Berlinguer's Visit

Italian Communist chief Berlinguer arrived in Beijing yesterday on the first leg of a 10-day trip to China and North Korea. Before departing, Berlinguer reportedly said that the visit to China would confirm the full restoration of relations between the Italian Communists and their Chinese counterparts. In a clear bow to Moscow, Berlinguer added that the visit was not directed against the interests of any other Communist party.

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Nevertheless, the trip follows the Italian Communists' condemnation of the Soviet invasion of Afghanistan and their refusal to attend a Soviet-backed conference of European Communist parties to discuss defense issues. Berlinguer's opening to China almost certainly is intended to improve Italian Communist chances in important local elections this June and ultimately to boost their aspirations for a direct governing role.

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MEXICO: Oil Exports

Mexico is doubling its average annual oil exports this year to about 1 million barrels per day, but the government has announced that exports will be held to about 1.1 million barrels per day through 1982. Principal beneficiaries of increased exports this year are the US, Japan, Canada, France, and Spain. We expect Mexico to raise oil production after 1982 only enough to cover domestic demand and finance imports needed to achieve economic growth targets.

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Assuming real oil prices increase by 5 to 10 percent a year, Mexico will need to increase exports to about 2 million barrels per day by 1985 to sustain an economic growth rate of 8 percent per year, which we consider likely for Mexico through 1985. If Mexico were to use large oil sales to push growth much above 8 percent, import requirements would soar, transportation and storage bottlenecks would become critical, and inflation would rise rapidly.

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MOROCCO: New Arab Aid

Five hundred million dollars in Arab assistance will help fund Morocco's efforts to combat the Algerian-backed Polisario guerrillas in Western Sahara.

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SPECIAL ANALYSIS

ISRAEL: Begin's Outlook and Political Position

Prime Minister Begin views his Washington visit as the preliminary round to an eventual US-Israeli-Egyptian summit on Palestinian autonomy. He will concentrate on probing and influencing US policy and appealing for Congressional and American public support. Begin also will seek new insights into President Sadat's ultimate requirements to help determine what Israeli tactical concessions could facilitate an autonomy agreement and avoid undermining the peace treaty. Begin has given no hint, however, that he is prepared to consider major substantive changes in his negotiating position.

Begin regards the turmoil in Iran and Afghanistan as proof that Muslim political instability and Soviet adventurism--and not the Arab-Israeli conflict--are the central threats to peace in the Middle East. He considers Western pressure to resolve the Palestinian question misguided and a menace to Israel's security.

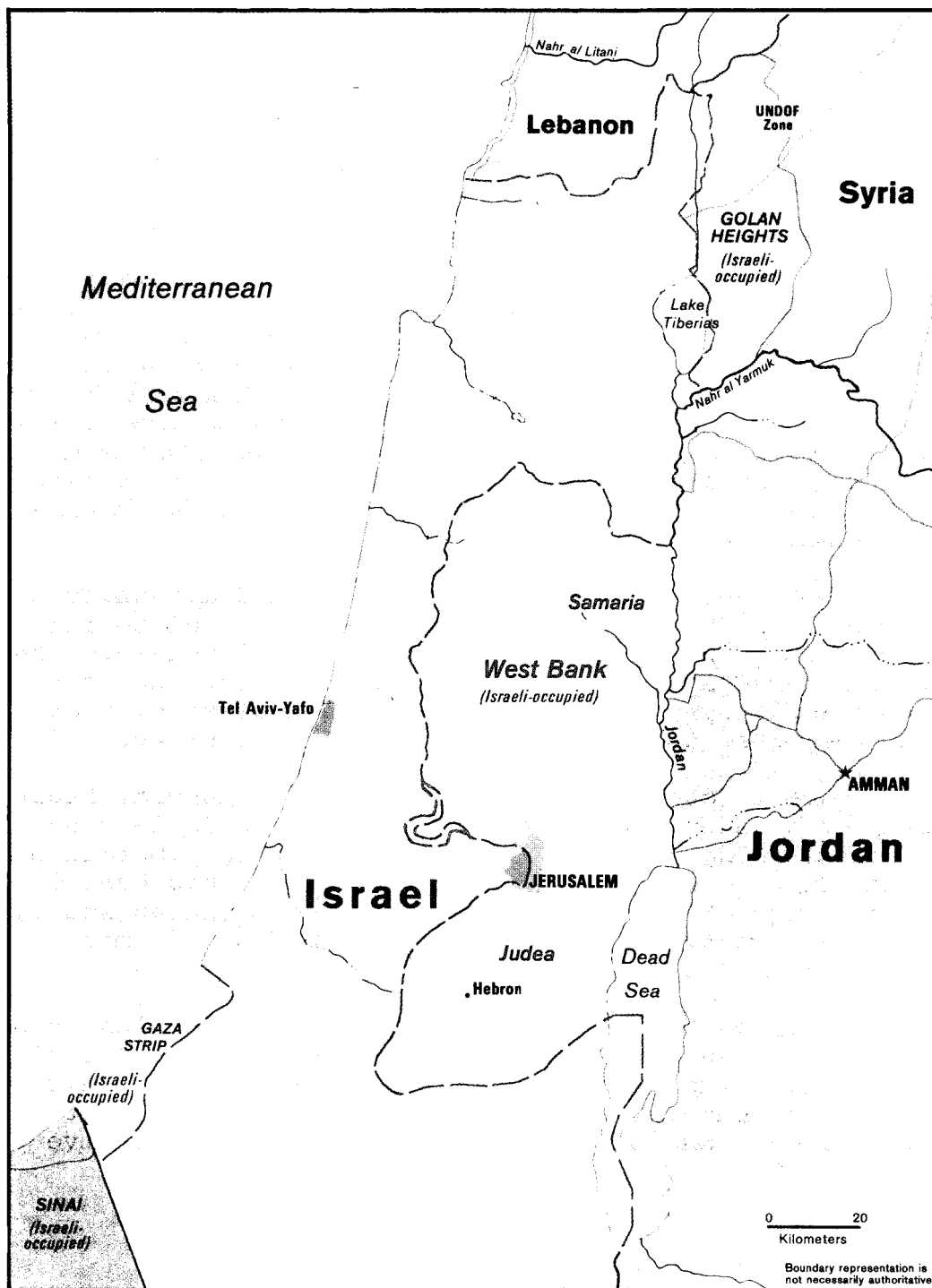
To rally domestic and international support, Begin has played extensively on fears of greater Soviet influence with Syria, Iraq, and the Palestine Liberation Organization. He repeatedly has justified his hard line on autonomy as designed to prevent a Palestinian state, which he predicts would be a Soviet-controlled "mini-Afghanistan."

The Prime Minister has cited the recent Palestinian terrorist attack on an Israeli kibbutz to "prove" that Palestinian aims have not changed and to buttress his contention that Palestinian prerogatives in the West Bank and Gaza must be limited to minor administrative duties.

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Domestic Debate

Begin's dogged personal advocacy of Jewish resettlement in and near heavily Arab-populated areas of the West Bank has alienated major segments of Israeli public opinion and generated serious new tensions within his fractious coalition. Many Israelis would prefer to restrict settlements to thinly populated, strategically important areas such as the Jordan Valley. A majority probably would support a moratorium on new settlement activity while autonomy talks are under way. [redacted]

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Moderates in the Cabinet, including Defense Minister Weizman and leaders of the Liberal wing of Begin's dominant Likud bloc and the Democratic Movement, support Jewish settlement in principle but believe Begin has committed gross blunders in his tactical management of settlement policy. These moderates insist that pressing ahead with Jewish resettlement in Hebron, for instance, will only further damage prospects for reaching an autonomy agreement and undermine Israel's relations with the US and leading West European nations. [redacted]

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Begin's popularity with the voters has declined steadily during the past year to under 30 percent, and his parliamentary majority has slipped to a bare five-seat margin in the 120-member Knesset. This has left him more than ever dependent on the support of the hawkish members of his coalition and has added to the determination of the remaining coalition members to hang together to avoid an early national election. [redacted]

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Begin's inability to curb Israel's triple-digit inflation is the prime domestic reason for his government's declining popularity and for the Labor Party's nearly two-to-one lead in the polls over Begin's Likud bloc. Labor, if returned to office, would continue with the Camp David negotiation process while probably looking for an early opportunity to engage Jordan in negotiations for a West Bank - Gaza territorial partition. [redacted]

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Begin in the US

Begin's willingness to precipitate serious Cabinet and public divisions on the eve of his visit reflects the depth of his ideological commitment to permanent retention of the West Bank. In recent interviews he has ruled out legislative authority for a West Bank - Gaza Palestinian self-governing body, and also has taken a hard line against voting rights for East Jerusalem Arabs, coordination of Israeli military deployment in the West Bank and Gaza, and abolition of the Israeli military government in those areas. Begin probably would try to capitalize on any strong US pressure for concessions on these issues or on any hint of US-Egyptian policy coordination to rally Israeli public and coalition support.

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[REDACTED]

[REDACTED] To further strengthen his position, Begin also is including in his delegation Foreign Minister Shamir, a like-minded conservative, and Interior Minister Burg, the head of Israel's autonomy negotiating team and a leader of the conservative National Religious Party, Begin's major coalition partner. [REDACTED]

At the same time, Begin will make a real effort to obtain a better reading of Egypt's minimum position on the unresolved autonomy issues. He wants to protect the peace treaty, which he regards as a great achievement.

[REDACTED]

Begin aims to conciliate Sadat on autonomy with tactical concessions that do not jeopardize Israel's claim to ultimate sovereignty over the West Bank. He thus will be highly interested in hearing about Sadat's talks in Washington last week and in learning how Sadat envisions his minimum needs. [REDACTED]

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